

INTERFACE CHILDREN FAMILY SERVICES

AUDIT REPORT

BOARD OF DIRECTORS

JUNE 30, 2008

DATE RECEIVED:



AUDIT REVIEW #(s) 04846

Assigned To: Armstrong

Date Reviewed: 09/14/09

Reviewer's Initials: RD

Date Review(s) Completed: 09/14/09

INTERFACE CHILDREN FAMILY SERVICES
(A California Non-Profit Corporation)
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Interface Children Family Services (Interface)
(A California Non-Profit Corporation)
Camarillo, California

We have audited the accompanying statement of financial position of Interface Children Family Services (Interface) (A California Non-Profit Corporation) as of June 30, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Interface's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Interface's financial statements and, in our report dated February 7, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Interface as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Vasin, Heyn + Co.

July 29, 2009

INTERFACE CHILDREN FAMILY SERVICES
(A California Non-Profit Corporation)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and cash equivalents	\$ 236,932	\$ 136,634
Contracts receivable	1,255,689	767,719
Grants receivable	11,100	-
Investments	322,240	356,846
Other receivables	253	3,672
Deposits and prepaid expenses	42,791	68,138
Property and equipment, net	<u>905,952</u>	<u>737,650</u>
 Total assets	 <u>\$2,774,957</u>	 <u>\$2,070,659</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 496,202	\$ 331,075
Accrued payroll and related liabilities	321,630	249,332
Contract advances	22,452	-
Deferred revenue	128,000	62,435
Line of credit	200,000	250,000
Loans payable	66,527	17,249
Mortgages payable	689,509	703,210
Amounts held for others	<u>14,616</u>	<u>13,288</u>
 Total liabilities	 1,938,936	 1,626,589
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Unrestricted	573,402	182,349
Temporarily restricted	218,020	217,122
Permanently restricted	<u>44,599</u>	<u>44,599</u>
 Total net assets	 <u>836,021</u>	 <u>444,070</u>
 Total liabilities and net assets	 <u>\$2,774,957</u>	 <u>\$2,070,659</u>

See accompanying auditors' report and
notes to financial statements.

INTERFACE CHILDREN FAMILY SERVICES
(A California Non-Profit Corporation)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

	2008				2007
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUE AND SUPPORT					
Governmental service contracts	\$ 3,762,658	\$ -	\$ -	\$ 3,762,658	\$ 3,156,403
Contributions and grants	1,777,455	898	-	1,778,353	1,634,537
Fees for services	609,960	-	-	609,960	840,237
In-kind revenue	413,025	-	-	413,025	548,828
Interest income	10,102	-	-	10,102	7,316
Gain(loss) on investments	(23,341)	-	-	(23,341)	31,871
Gain(loss) on sale of assets	308	-	-	308	-
Other income	142,349	-	-	142,349	138,702
Fundraising events:					
Gross revenue	50,125	-	-	50,125	369,301
Less: Direct costs	(21,650)	-	-	(21,650)	(265,558)
Fundraising events, net	28,475	-	-	28,475	103,743
 Total revenue, support and restrictions released	6,720,991	898	-	6,721,889	6,461,637
EXPENSES					
Program services	5,116,629	-	-	5,116,629	5,121,539
Support services	1,030,799	-	-	1,030,799	1,115,630
Fundraising expenses	182,510	-	-	182,510	140,274
	<u>6,329,938</u>	<u>-</u>	<u>-</u>	<u>6,329,938</u>	<u>6,377,443</u>
 CHANGE IN NET ASSETS	391,053	898	-	391,951	84,194
 NET ASSETS - beginning of year (Note 12)	<u>182,349</u>	<u>217,122</u>	<u>44,599</u>	<u>444,070</u>	<u>359,876</u>
 NET ASSETS - end of year	<u>\$ 573,402</u>	<u>\$ 218,020</u>	<u>\$ 44,599</u>	<u>\$ 836,021</u>	<u>\$ 444,070</u>

See accompanying auditors' report and
notes to financial statements.

INTERFACE CHILDREN FAMILY SERVICES
(A California Non-Profit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

	<u>Program Services</u>	<u>Support Services</u>	<u>Fundraising Expenses</u>	<u>2008 Total Expenses</u>	<u>2007 Total Expenses</u>
Salaries and related expenses					
Salaries	\$ 2,910,134	\$ 527,740	\$ 79,344	\$ 3,517,218	\$ 3,196,884
Payroll taxes	278,323	48,174	7,700	334,197	311,923
Employee benefits	<u>236,984</u>	<u>26,994</u>	<u>3,147</u>	<u>267,125</u>	<u>343,628</u>
	3,425,441	602,908	90,191	4,118,540	3,852,435
Other expenses					
Administrative costs	12,813	-	-	12,813	14,216
Advertising and promotion	480	1,948	7,157	9,585	-
Auto expense	3,782	2,365	-	6,147	10,265
Commissions	-	-	-	-	66,286
Computer expenses	34,952	49,573	6,689	91,214	10,708
Dues and subscriptions	3,159	888	2,395	6,442	8,173
Education and training	87,060	1,192	120	88,372	60,098
Equipment rental and maintenance	27,332	10,081	608	38,021	46,839
Housing and food	6,656	-	-	6,656	47,963
Insurance	-	46,682	-	46,682	48,893
In-kind expenses	344,570	12,070	56,385	413,025	548,828
Interest expense	32,763	13,937	-	46,700	48,770
Licenses and permits	2,445	2,352	-	4,797	6,492
Miscellaneous expenses	3,838	22,936	118	26,892	32,903
Outside services	389,219	10,309	500	400,028	488,814
Postage	9,788	7,297	1,099	18,184	29,156
Printing	22,741	19,075	4,767	46,583	66,438
Professional fees	1,500	37,525	5,000	44,025	77,546
Rent	215,119	52,882	3,777	271,778	301,465
Repairs and maintenance	99,385	22,624	1,212	123,221	122,617
Small equipment	9,573	656	211	10,440	5,614
Stipends	5,433	-	-	5,433	29,181
Supplies	39,702	18,730	816	59,248	45,321
Taxes and licenses	868	1,864	24	2,756	1,241
Telephone	137,340	14,565	297	152,202	152,574
Travel	118,907	720	586	120,213	99,292
Utilities	<u>81,763</u>	<u>7,810</u>	<u>558</u>	<u>90,131</u>	<u>91,723</u>
	5,116,629	960,989	182,510	6,260,128	6,313,851
Depreciation	<u>-</u>	<u>69,810</u>	<u>-</u>	<u>69,810</u>	<u>63,592</u>
	<u>\$ 5,116,629</u>	<u>\$ 1,030,799</u>	<u>\$ 182,510</u>	<u>\$ 6,329,938</u>	<u>\$ 6,377,443</u>

See accompanying auditors' report and
notes to financial statements.

INTERFACE CHILDREN FAMILY SERVICES
(A California Non-Profit Corporation)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 391,951	\$ 84,194
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	69,810	63,592
(Gain) loss on investments	23,341	-
(Gain) loss on sale of assets	(308)	-
(Increase) decrease in:		
Contracts receivable	(487,970)	171,369
Grants receivable	(11,100)	-
Other receivables	3,419	14,717
Deposits and prepaid expenses	25,347	(15,919)
Increase (decrease) in:		
Accounts payable and accrued expenses	165,127	64,755
Accrued payroll and related liabilities	72,298	(29,907)
Contract advances	22,452	(137,611)
Deferred revenue	65,565	-
Due to funding sources	<u>1,328</u>	<u>(10,006)</u>
Total adjustments	<u>(50,691)</u>	<u>120,990</u>
Net Cash Provided (Used) by Operating Activities	341,260	205,184
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments related to the acquisition of capital assets	(238,112)	(43,381)
Proceeds from sale of assets	308	-
Proceeds from sale of investments	11,265	-
Purchase of investments	<u>-</u>	<u>(27,116)</u>
Net Cash Provided (Used) by Investing Activities	<u>(226,539)</u>	<u>(70,497)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term debt	55,156	15,675
Repayment of long-term debt	(19,579)	(18,450)
Principle payments on line-of-credit	<u>(50,000)</u>	<u>-</u>
Net Cash Provided (Used) by Financing Activities	<u>(14,423)</u>	<u>(2,775)</u>
NET INCREASE (DECREASE) IN CASH	100,298	131,912
CASH AT BEGINNING OF YEAR	<u>136,634</u>	<u>4,722</u>
CASH AT END OF YEAR	<u>\$ 236,932</u>	<u>\$ 136,634</u>

See accompanying auditors' report and
notes to financial statements.

INTERFACE CHILDREN FAMILY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

1. ORGANIZATION

Interface Children Family Services (A Non-profit Organization) (Interface) is a multi-faceted; community based family service and advocacy organization serving Ventura County, California. Interface came into existence in 1973. In addition to the Main office located in Camarillo, California there are multiple facilities throughout Ventura County where services are rendered.

The primary sources of revenue are contracts and grants with various federal, State and local government agencies. In addition funds are received by Interface from United Way of Ventura County, First 5 Ventura County, various grantors and individual donors to supplement ongoing programs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Interface complies with the provisions of Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. SFAS No. 117 established standards for general-purpose external financial statements. SFAS No. 117 requires not-for-profit organizations to provide a statement of financial position (balance sheet), a statement of activities (statement of operations and changes in net assets) and a statement of cash flows, and to classify net assets and changes in net assets as permanently restricted, temporarily restricted or unrestricted.

Accordingly, net assets of Interface and changes therein are classified and reported as follows:

Unrestricted net assets - net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets - net assets that are subject to donor-imposed restrictions that require passage of time or the occurrence of a specific event.

Permanently restricted net assets - net assets subject to donor-imposed restrictions that they be maintained permanently while permitting Interface to use or expend part or all of the income derived from the donated assets.

Interface records gifts of cash and other assets as temporarily restricted net assets if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted assets and reported in the statement of activities as net assets released from donor restrictions.

INTERFACE CHILDREN FAMILY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributed services creating or enhancing non-financial assets or that require specialized skills, and would need to be purchased if not provided by donation, are provided by individuals possessing those skills and are recognized when received. During the year ended June 30, 2008, Interface received contributed services in 9 of its 23 programs. Additionally, the Board of Directors consists primarily of community leaders who volunteer their time. To meet the requirements of SFAS No. 117, Interface recorded the volunteer hours at the estimated cost to acquire those services. The value of these services was calculated to be \$356,640 for the year ended June 30, 2008. Interface based the value on \$19.51 per hour for year ended June 30, 2008 (the national average) since detailed valuation for each volunteer was not practical or available.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original or remaining maturity of less than three months at date of purchase to be cash equivalents.

Accounts Receivable

Accounts Receivable consists of amounts due principally from governmental agencies and major corporations that support Interface's programs. Management has determined that the receivable will be fully collectible and accordingly, has not provided any reserve for uncollectible accounts. In prior years, bad debts, if any, have been immaterial. Management however, monitors the need for a reserve on an on going basis.

Property and Equipment

Property and equipment are stated at cost if purchased or, if donated, the fair market value at the date of donation. Depreciation is computed on the straight-line method over an estimated useful life of five years for furniture and equipment, three to seven years for computer equipment and five to thirty years for real estate. Major repairs and betterments are capitalized and depreciated over their estimated useful life. Repairs and maintenance are charged to expense as incurred.

Income Taxes

The corporation was organized in California and is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code and corresponding provisions of the California Revenue and Taxation Code. Accordingly, there is no provision for Federal income tax or California Franchise tax.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

INTERFACE CHILDREN FAMILY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value of Financial Instruments

Due to their short-term nature the carrying amounts of cash, accounts receivable, accounts payable, and other liabilities approximates fair value.

Reclassifications

Certain amounts in the 2007 comparative totals have been reclassified to conform with the 2008 reporting format.

Comparative Totals

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Interface's financial statements for the year ended June 30, 2007, from which the summarized information was derived.

3. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2008 consists of:

Automobile Equipment	\$ 67,331
Building and Improvements	813,980
Computer Equipment	396,854
Furniture and Equipment	244,483
Land	<u>164,941</u>
	1,687,589
Less: Accumulated Depreciation	<u>(781,637)</u>
	<u>\$ 905,952</u>

INTERFACE CHILDREN FAMILY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

4. ENDOWMENTS HELD BY OTHERS

Endowments Held by Others represents contributions made to Interface that have been invested by Interface with the Ventura County Community Foundation (VCCF). Interface has adopted a Total Return Concept, which recognizes that capital appreciation, as well as income, over time adds significant value to the portfolio. This philosophy is also shared by VCCF. Accordingly, the Endowments Held by Others is reported at their fair market value in the Statement of Financial Condition and unrealized gains and losses are included in the Statement of Activities.

By choosing VCCF to manage these funds, Interface has accepted the VCCF investment philosophy and the payout/distribution policy adopted by VCCF. The investment philosophy requires VCCF to invest in quality equity securities and bonds. The payout/distribution policy provides for a 5% annual payout/distribution that uses a twelve-quarter rolling average of market values to determine the annual payout available to Interface. The amount of Endowments Held by Others in the Unrestricted Funds represents the amount available for payout as of the date of the Statement of Financial Condition.

With current earnings on the endowment funds, Interface has three options. The first is to accept the current earnings from VCCF. The second option is to reinvest these earnings as additional principal in the endowment funds. The third option is to have VCCF hold the income for future distribution and in the meantime have it invested by VCCF. Interface has elected the third option for the year ended June 30, 2008.

5. NOTES PAYABLE

Long-term debt consists of:	<u>June 30, 2008</u>
Trust deed payable in monthly installments of \$1,053 per month including interest at 6.125% due August 1, 2028	\$ 146,163
Trust deed payable in monthly installments of \$1,539 per month including interest at 6.25% due January 1, 2034. On January 1, 2009 the interest rate becomes adjustable and will adjust every 12 th month thereafter.	235,565
Trust deed payable in annual installments of \$5,000 including interest at 0 % due until June 1, 2022.	70,000
Trust deed payable in monthly installments of \$783 per month including interest at 7.5% due May 1, 2032.	104,341

INTERFACE CHILDREN FAMILY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

5. NOTES PAYABLE - Continued

Non-interest bearing second trust deed provided by the City of Port Hueneme that requires Interface to maintain a transitional living facility for a 20 year period starting on May 1, 2002, at which time the loan will be forgiven. If Interface either modifies the use of or sells the facility prior to May 1, 2022, the loan will become due and payable. 30,000

Non-interest bearing trust deed provided by the City of Port Hueneme that requires Interface to maintain a transitional living facility for a 20 year period starting January 27, 2003, at which time the loan will be forgiven. If Interface either modifies the use of or sells the facility prior to January 23, 2003, the loan will become due and payable. 28,000

Community Development Block Grant Sub-recipient Contract dated July 16, 1996. The contract requires Interface to maintain transitional living facilities in Port Hueneme and Santa Paula. If Interface either modifies the use of or sells the facility the awarding agency is due the original contract amount plus a portion of the equity growth equivalent to their original participation. 75,440

6.69% note due in monthly installments of \$333, including interest through 1/25/2012, secured by 2005 Nissan Quest. 12,639
\$ 702,148

6. CAPITAL LEASES

In June 2008 new computer equipment was acquired under a capital lease agreement payable in monthly installments of \$1,848 through May 2011. The interest rate is 12.62%. The balance outstanding at June 30, 2008 is \$53,888.

INTERFACE CHILDREN FAMILY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

7. DUE TO FUNDING SOURCES

Interface has a liability to funding sources for advance contract payments that must be either refunded to the source or applied to the next period's funding. This liability at June 30, 2008 is: \$ 128,000

8. LINE OF CREDIT

Interface has a \$250,000 unsecured line of credit with the bank. The line requires monthly payments of interest only at the Wall Street Journal Prime Rate plus 1 % (currently 6.00%). The line of credit is renewable annually and was last renewed on May 11, 2008.

9. NET ASSETS

Included in Temporarily restricted net assets are contributions and earnings received by Interface for subsequent deposit to the various established endowment funds of Interface, which contributions are periodically transferred to and held by Ventura County Community Foundation (VCCF) for investment. These funds have been established for the benefit of certain programs sponsored by Interface. At June 30, 2008 there were no pending transfers to VCCF.

10. EARNINGS ON ENDOWMENT FUNDS HELD BY OTHERS

The earnings on the Endowment Funds have been included in Unrestricted Community Support and Other Income and consist of the following:

	<u>June 30, 2008</u>
Interest/Dividend Income	\$ 8,616
Realized Gains (Losses)	15,548
Unrealized Gains (Losses)	<u>(38,889)</u>
Net Earnings (Loss) for Year	<u>\$ (14,725)</u>

INTERFACE CHILDREN FAMILY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

11. COMMITMENTS

Facilities

Interface leases some of its facilities under non-cancelable, non-financing leases. Some of the leases are subject to annual increases based upon increases in the Consumer Price Index. Rent expense for year ended June 30, 2008 was \$271,778, which includes all of the facilities rented on a month-to-month basis as well as the facilities leased under rental lease agreements.

Equipment

Interface leases office equipment under operating leases with varying expirations for total annual lease payments of \$38,021.

Future minimum payments by year and in the aggregate under the non-cancelable, non-financing leases are as follows:

<u>Year Ending June 30.</u>	<u>Facilities</u>	<u>Equipment</u>
2009	\$ 205,486	\$ 27,962
2010	167,558	29,007
2011	-	29,007
2012	-	29,007
2013 & after	-	24,925
Total Minimum Lease Payments	<u>\$ 373,044</u>	<u>\$ 139,908</u>

INTERFACE CHILDREN FAMILY SERVICES
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2008

INTERFACE CHILDREN FAMILY SERVICES
(A California Non-Profit Corporation)
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Interface Children Family Services (Interface)
(A California Non-Profit Corporation)
Camarillo, California

We have audited the accompanying statement of financial position of Interface Children Family Services (Interface) (A California Non-Profit Corporation) as of June 30, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Interface's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Interface's financial statements and, in our report dated February 7, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Interface's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Interface as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2009, on our consideration of Interface's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Interface taken as a whole. The accompanying schedule of expenditures of federal and state awards and supplementary information in section 3 are presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information was prepared according to the accounting principles used for the basic financial statements and has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Vasin, Heyn + Co.

July 29, 2009

INTERFACE CHILDREN FAMILY SERVICES
(A California Non-Profit Corporation)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and cash equivalents	\$ 236,932	\$ 136,634
Contracts receivable	1,255,689	767,719
Grants receivable	11,100	-
Investments	322,240	356,846
Other receivables	253	3,672
Deposits and prepaid expenses	42,791	68,138
Property and equipment, net	<u>905,952</u>	<u>737,650</u>
Total assets	<u>\$ 2,774,957</u>	<u>\$ 2,070,659</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 496,202	\$ 331,075
Accrued payroll and related liabilities	321,630	249,332
Contract advances	22,452	-
Deferred revenue	128,000	62,435
Line of credit	200,000	250,000
Loans payable	66,527	17,249
Mortgages payable	689,509	703,210
Amounts held for others	<u>14,616</u>	<u>13,288</u>
Total liabilities	1,938,936	1,626,589
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Unrestricted	573,402	182,349
Temporarily restricted	218,020	217,122
Permanently restricted	<u>44,599</u>	<u>44,599</u>
Total net assets	<u>836,021</u>	<u>444,070</u>
Total liabilities and net assets	<u>\$ 2,774,957</u>	<u>\$ 2,070,659</u>

See accompanying auditors' reports and
notes to financial statements.

INTERFACE CHILDREN FAMILY SERVICES
(A California Non-Profit Corporation)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

	2008				2007
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUE AND SUPPORT					
Governmental service contracts	\$ 3,762,658	\$ -	\$ -	\$ 3,762,658	\$ 3,156,403
Contributions and grants	1,777,455	898	-	1,778,353	1,634,537
Fees for services	609,960	-	-	609,960	840,237
In-kind revenue	413,025	-	-	413,025	548,828
Interest income	10,102	-	-	10,102	7,316
Gain(loss) on investments	(23,341)	-	-	(23,341)	31,871
Gain(loss) on sale of assets	308	-	-	308	-
Other income	142,349	-	-	142,349	138,702
Fundraising events:					
Gross revenue	50,125	-	-	50,125	369,301
Less: Direct costs	(21,650)	-	-	(21,650)	(265,558)
Fundraising events, net	28,475	-	-	28,475	103,743
 Total revenue, support and restrictions released	 6,720,991	 898	 -	 6,721,889	 6,461,637
EXPENSES					
Program services	5,116,629	-	-	5,116,629	5,121,539
Support services	1,030,799	-	-	1,030,799	1,115,630
Fundraising expenses	182,510	-	-	182,510	140,274
	<u>6,329,938</u>	<u>-</u>	<u>-</u>	<u>6,329,938</u>	<u>6,377,443</u>
 CHANGE IN NET ASSETS	 391,053	 898	 -	 391,951	 84,194
NET ASSETS - beginning of year (Note 12)	<u>182,349</u>	<u>217,122</u>	<u>44,599</u>	<u>444,070</u>	<u>359,876</u>
NET ASSETS - end of year	<u>\$ 573,402</u>	<u>\$ 218,020</u>	<u>\$ 44,599</u>	<u>\$ 836,021</u>	<u>\$ 444,070</u>

See accompanying auditors' reports and
notes to financial statements.

INTERFACE CHILDREN FAMILY SERVICES
(A California Non-Profit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

	<u>Program Services</u>	<u>Support Services</u>	<u>Fundraising Expenses</u>	<u>2008 Total Expenses</u>	<u>2007 Total Expenses</u>
Salaries and related expenses					
Salaries	\$ 2,910,134	\$ 527,740	\$ 79,344	\$ 3,517,218	\$ 3,196,884
Payroll taxes	278,323	48,174	7,700	334,197	311,923
Employee benefits	236,984	26,994	3,147	267,125	343,628
	<u>3,425,441</u>	<u>602,908</u>	<u>90,191</u>	<u>4,118,540</u>	<u>3,852,435</u>
Other expenses					
Administrative costs	12,813	-	-	12,813	14,216
Advertising and promotion	480	1,948	7,157	9,585	-
Auto expense	3,782	2,365	-	6,147	10,265
Commissions	-	-	-	-	66,286
Computer expenses	34,952	49,573	6,689	91,214	10,708
Dues and subscriptions	3,159	888	2,395	6,442	8,173
Education and training	87,060	1,192	120	88,372	60,098
Equipment rental and maintenance	27,332	10,081	608	38,021	46,839
Housing and food	6,656	-	-	6,656	47,963
Insurance	-	46,682	-	46,682	48,893
In-kind expenses	344,570	12,070	56,385	413,025	548,828
Interest expense	32,763	13,937	-	46,700	48,770
Licenses and permits	2,445	2,352	-	4,797	6,492
Miscellaneous expenses	3,838	22,936	118	26,892	32,903
Outside services	389,219	10,309	500	400,028	488,814
Postage	9,788	7,297	1,099	18,184	29,156
Printing	22,741	19,075	4,767	46,583	66,438
Professional fees	1,500	37,525	5,000	44,025	77,546
Rent	215,119	52,882	3,777	271,778	301,465
Repairs and maintenance	99,385	22,624	1,212	123,221	122,617
Small equipment	9,573	656	211	10,440	5,614
Stipends	5,433	-	-	5,433	29,181
Supplies	39,702	18,730	816	59,248	45,321
Taxes and licenses	868	1,864	24	2,756	1,241
Telephone	137,340	14,565	297	152,202	152,574
Travel	118,907	720	586	120,213	99,292
Utilities	81,763	7,810	558	90,131	91,723
	<u>5,116,629</u>	<u>960,989</u>	<u>182,510</u>	<u>6,260,128</u>	<u>6,313,851</u>
Depreciation	<u>-</u>	<u>69,810</u>	<u>-</u>	<u>69,810</u>	<u>63,592</u>
	<u>\$ 5,116,629</u>	<u>\$ 1,030,799</u>	<u>\$ 182,510</u>	<u>\$ 6,329,938</u>	<u>\$ 6,377,443</u>

See accompanying auditors' reports and
notes to financial statements.

INTERFACE CHILDREN FAMILY SERVICES
(A California Non-Profit Corporation)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 391,951	\$ 84,194
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	69,810	63,592
(Gain) loss on investments	23,341	-
(Gain) loss on sale of assets	(308)	-
(Increase) decrease in:		
Contracts receivable	(487,970)	171,369
Grants receivable	(11,100)	-
Other receivables	3,419	14,717
Deposits and prepaid expenses	25,347	(15,919)
Increase (decrease) in:		
Accounts payable and accrued expenses	165,127	64,755
Accrued payroll and related liabilities	72,298	(29,907)
Contract advances	22,452	(137,611)
Deferred revenue	65,565	-
Due to funding sources	1,328	(10,006)
Total adjustments	<u>(50,691)</u>	<u>120,990</u>
Net Cash Provided (Used) by Operating Activities	341,260	205,184
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments related to the acquisition of capital assets	(238,112)	(43,381)
Proceeds from sale of assets	308	-
Proceeds from sale of investments	11,265	-
Purchase of investments	<u>-</u>	<u>(27,116)</u>
Net Cash Provided (Used) by Investing Activities	<u>(226,539)</u>	<u>(70,497)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term debt	55,156	15,675
Repayment of long-term debt	(19,579)	(18,450)
Principle payments on line-of-credit	<u>(50,000)</u>	<u>-</u>
Net Cash Provided (Used) by Financing Activities	<u>(14,423)</u>	<u>(2,775)</u>
NET INCREASE (DECREASE) IN CASH	100,298	131,912
CASH AT BEGINNING OF YEAR	<u>136,634</u>	<u>4,722</u>
CASH AT END OF YEAR	<u>\$ 236,932</u>	<u>\$ 136,634</u>

See accompanying auditors' reports and
notes to financial statements.

INTERFACE CHILDREN FAMILY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

1. ORGANIZATION

Interface Children Family Services (A Non-profit Organization) (Interface) is a multi-faceted; community based family service and advocacy organization serving Ventura County, California. Interface came into existence in 1973. In addition to the Main office located in Camarillo, California there are multiple facilities throughout Ventura County where services are rendered.

The primary sources of revenue are contracts and grants with various federal, State and local government agencies. In addition funds are received by Interface from United Way of Ventura County, First 5 Ventura County, various grantors and individual donors to supplement ongoing programs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Interface complies with the provisions of Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. SFAS No. 117 established standards for general-purpose external financial statements. SFAS No. 117 requires not-for-profit organizations to provide a statement of financial position (balance sheet), a statement of activities (statement of operations and changes in net assets) and a statement of cash flows, and to classify net assets and changes in net assets as permanently restricted, temporarily restricted or unrestricted.

Accordingly, net assets of Interface and changes therein are classified and reported as follows:

Unrestricted net assets - net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets - net assets that are subject to donor-imposed restrictions that require passage of time or the occurrence of a specific event.

Permanently restricted net assets - net assets subject to donor-imposed restrictions that they be maintained permanently while permitting Interface to use or expend part or all of the income derived from the donated assets.

Interface records gifts of cash and other assets as temporarily restricted net assets if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted assets and reported in the statement of activities as net assets released from donor restrictions.

INTERFACE CHILDREN FAMILY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributed services creating or enhancing non-financial assets or that require specialized skills, and would need to be purchased if not provided by donation, are provided by individuals possessing those skills and are recognized when received. During the year ended June 30, 2008, Interface received contributed services in 9 of its 23 programs. Additionally, the Board of Directors consists primarily of community leaders who volunteer their time. To meet the requirements of SFAS No. 117, Interface recorded the volunteer hours at the estimated cost to acquire those services. The value of these services was calculated to be \$356,640 for the year ended June 30, 2008. Interface based the value on \$19.51 per hour for year ended June 30, 2008 (the national average) since detailed valuation for each volunteer was not practical or available.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original or remaining maturity of less than three months at date of purchase to be cash equivalents.

Accounts Receivable

Accounts Receivable consists of amounts due principally from governmental agencies and major corporations that support Interface's programs. Management has determined that the receivable will be fully collectible and accordingly, has not provided any reserve for uncollectible accounts. In prior years, bad debts, if any, have been immaterial. Management however, monitors the need for a reserve on an on going basis.

Property and Equipment

Property and equipment are stated at cost if purchased or, if donated, the fair market value at the date of donation. Depreciation is computed on the straight-line method over an estimated useful life of five years for furniture and equipment, three to seven years for computer equipment and five to thirty years for real estate. Major repairs and betterments are capitalized and depreciated over their estimated useful life. Repairs and maintenance are charged to expense as incurred.

Income Taxes

The corporation was organized in California and is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code and corresponding provisions of the California Revenue and Taxation Code. Accordingly, there is no provision for Federal income tax or California Franchise tax.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

INTERFACE CHILDREN FAMILY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value of Financial Instruments

Due to their short-term nature the carrying amounts of cash, accounts receivable, accounts payable, and other liabilities approximates fair value.

Reclassifications

Certain amounts in the 2007 comparative totals have been reclassified to conform with the 2008 reporting format.

Comparative Totals

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Interface's financial statements for the year ended June 30, 2007, from which the summarized information was derived.

3. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2008 consists of:

Automobile Equipment	\$ 67,331
Building and Improvements	813,980
Computer Equipment	396,854
Furniture and Equipment	244,483
Land	<u>164,941</u>
	1,687,589
Less: Accumulated Depreciation	<u>(781,637)</u>
	<u>\$ 905,952</u>

INTERFACE CHILDREN FAMILY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

4. ENDOWMENTS HELD BY OTHERS

Endowments Held by Others represents contributions made to Interface that have been invested by Interface with the Ventura County Community Foundation (VCCF). Interface has adopted a Total Return Concept, which recognizes that capital appreciation, as well as income, over time adds significant value to the portfolio. This philosophy is also shared by VCCF. Accordingly, the Endowments Held by Others is reported at their fair market value in the Statement of Financial Condition and unrealized gains and losses are included in the Statement of Activities.

By choosing VCCF to manage these funds, Interface has accepted the VCCF investment philosophy and the payout/distribution policy adopted by VCCF. The investment philosophy requires VCCF to invest in quality equity securities and bonds. The payout/distribution policy provides for a 5% annual payout/distribution that uses a twelve-quarter rolling average of market values to determine the annual payout available to Interface. The amount of Endowments Held by Others in the Unrestricted Funds represents the amount available for payout as of the date of the Statement of Financial Condition.

With current earnings on the endowment funds, Interface has three options. The first is to accept the current earnings from VCCF. The second option is to reinvest these earnings as additional principal in the endowment funds. The third option is to have VCCF hold the income for future distribution and in the meantime have it invested by VCCF. Interface has elected the third option for the year ended June 30, 2008.

5. NOTES PAYABLE

Long-term debt consists of:	<u>June 30, 2008</u>
Trust deed payable in monthly installments of \$1,053 per month including interest at 6.125% due August 1, 2028	\$ 146,163
Trust deed payable in monthly installments of \$1,539 per month including interest at 6.25% due January 1, 2034. On January 1, 2009 the interest rate becomes adjustable and will adjust every 12 th month thereafter.	235,565
Trust deed payable in annual installments of \$5,000 including interest at 0 % due until June 1, 2022.	70,000
Trust deed payable in monthly installments of \$783 per month including interest at 7.5% due May 1, 2032.	104,341

INTERFACE CHILDREN FAMILY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

5. NOTES PAYABLE - Continued

Non-interest bearing second trust deed provided by the City of Port Hueneme that requires Interface to maintain a transitional living facility for a 20 year period starting on May 1, 2002, at which time the loan will be forgiven. If Interface either modifies the use of or sells the facility prior to May 1, 2022, the loan will become due and payable. 30,000

Non-interest bearing trust deed provided by the City of Port Hueneme that requires Interface to maintain a transitional living facility for a 20 year period starting January 27, 2003, at which time the loan will be forgiven. If Interface either modifies the use of or sells the facility prior to January 23, 2003, the loan will become due and payable. 28,000

Community Development Block Grant Sub-recipient Contract dated July 16, 1996. The contract requires Interface to maintain transitional living facilities in Port Hueneme and Santa Paula. If Interface either modifies the use of or sells the facility the awarding agency is due the original contract amount plus a portion of the equity growth equivalent to their original participation. 75,440

6.69% note due in monthly installments of \$333, including interest through 1/25/2012, secured by 2005 Nissan Quest. 12,639
\$ 702,148

6. CAPITAL LEASES

In June 2008 new computer equipment was acquired under a capital lease agreement payable in monthly installments of \$1,848 through May 2011. The interest rate is 12.62%. The balance outstanding at June 30, 2008 is \$53,888.

INTERFACE CHILDREN FAMILY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

7. DUE TO FUNDING SOURCES

Interface has a liability to funding sources for advance contract payments that must be either refunded to the source or applied to the next period's funding. This liability at June 30, 2008 is: \$ 128,000

8. LINE OF CREDIT

Interface has a \$250,000 unsecured line of credit with the bank. The line requires monthly payments of interest only at the Wall Street Journal Prime Rate plus 1 % (currently 6.00%). The line of credit is renewable annually and was last renewed on May 11, 2008.

9. NET ASSETS

Included in Temporarily restricted net assets are contributions and earnings received by Interface for subsequent deposit to the various established endowment funds of Interface, which contributions are periodically transferred to and held by Ventura County Community Foundation (VCCF) for investment. These funds have been established for the benefit of certain programs sponsored by Interface. At June 30, 2008 there were no pending transfers to VCCF.

10. EARNINGS ON ENDOWMENT FUNDS HELD BY OTHERS

The earnings on the Endowment Funds have been included in Unrestricted Community Support and Other Income and consist of the following:

	<u>June 30, 2008</u>
Interest/Dividend Income	\$ 8,616
Realized Gains (Losses)	15,548
Unrealized Gains (Losses)	<u>(38,889)</u>
Net Earnings (Loss) for Year	<u>\$ (14,725)</u>

INTERFACE CHILDREN FAMILY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

11.COMMITMENTS

Facilities

Interface leases some of its facilities under non-cancelable, non-financing leases. Some of the leases are subject to annual increases based upon increases in the Consumer Price Index. Rent expense for year ended June 30, 2008 was \$271,778, which includes all of the facilities rented on a month-to-month basis as well as the facilities leased under rental lease agreements.

Equipment

Interface leases office equipment under operating leases with varying expirations for total annual lease payments of \$38,021.

Future minimum payments by year and in the aggregate under the non-cancelable, non-financing leases are as follows:

<u>Year Ending June 30.</u>	<u>Facilities</u>	<u>Equipment</u>
2009	\$ 205,486	\$ 27,962
2010	167,558	29,007
2011	-	29,007
2012	-	29,007
2013 & after	-	24,925
Total Minimum Lease Payments	<u>\$ 373,044</u>	<u>\$ 139,908</u>

GOVERNMENT AUDIT INFORMATION SECTION

**INTERFACE CHILDREN FAMILY SERVICES
(A California Non-Profit Corporation)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008**

SUMMARY OF AUDIT RESULTS:

Section I

- 1 The auditors' report expresses an unqualified opinion on the general purpose financial statement of:
Interface Children Family Services
- 2 No instances of noncompliance were disclosed during the audit which were material to the financial statements of:
Interface Children Family Services
- 3 The auditors' report on compliance on all major federal programs expresses an unqualified opinion
for the major federal award programs for:
Interface Children Family Services
- 4 No material weakness(es) identified relating to the audit of the financial statements are reported in the:
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
- 5 No significant deficiency(ies) identified that are not considered to be material weaknesses relating to the audit of the
financial statements are reported in the:
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
- 6 No material weakness(es) identified relating to the audit of the major federal award programs are reported in the:
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program
and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
- 7 No significant deficiency(ies) identified that are not considered to be material weaknesses relating to the audit of the
major federal award programs are reported in the:
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program
and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
- 8 Audit findings relative to the major federal award programs for:
Interface Children Family Services
are referenced in this Schedule as follows:

<u>Finding No.</u>	<u>Reference</u>
No Findings	N/A
- 9 The threshold for distinguishing Types A and B programs was:
\$300,000
- 10 Interface Children Family Services
was determined to be a:
low-risk auditee
- 11 The programs tested as major programs included:

<u>CFDA #</u>	<u>Program Name</u>
93.556	Promoting Safe and Stable Families
16.575	Crime Victim Assistance

Section II - Financial Statement Findings

None Reported

Section III - Federal Award Findings and Questioned Costs

None Reported

**INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of
Interface Children Family Services (Interface)
(A California Non-Profit Corporation)
Camarillo, California

We have audited the financial statements of Interface Children Family Services (Interface) (A California Non-Profit Corporation) as of and for the year ended June 30, 2008, and have issued our report thereon dated July 29, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Interface's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Interface's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Interface's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects an organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of an organization's financial statements that is more than inconsequential will not be prevented or detected by an organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Interface's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vosin, Hryn + Co.

July 29, 2009

VASIN, HEYN & COMPANY

AN ACCOUNTANCY CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of
Interface Children Family Services (Interface)
(A California Non-Profit Corporation)
Camarillo, California

Compliance

We have audited the compliance of Interface Children Family Services (Interface) (A California Non-Profit Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Interface's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Interface's management. Our responsibility is to express an opinion on Interface's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Interface's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Interface's compliance with those requirements.

In our opinion, Interface complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Interface is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Interface's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Interface's internal control over compliance.

A control deficiency in an organization's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects an organization's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by an organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by an organization's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vosier, Hays + Co.

July 29, 2009

INTERFACE CHILDREN FAMILY SERVICES
(A California Non-Profit Corporation)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008
(FEIN: 95-2944459)

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA #	Pass-Thru Grantor's #	Award Number	Award Amount Total Contract	Award Period	Reporting Period	Federal Revenues Recognized	Expenditures	Agency Match
MAJOR FEDERAL PROGRAMS:									
U.S. Department of Health and Human Services									
Passed Through the California Health and Welfare Agency, Department of Social Services									
Office of Child Abuse Prevention									
Strategies, Region 2 (PSSF)									
Promoting Safe and Stable Families	93.556		A0202-A1-A2-A3-A4	1,597,500	07/01/02-06/30/08	07/01/07-06/30/08	492,795 \$	492,992 \$	-
U.S. Department of Justice									
Passed Through the Governor's Office of Emergency Services									
Domestic Violence Services of Ventura County (VOCA)									
Ventura County Child Abuse Treatment Services	16.575	8100-101-0890	DV07221173	98,522	07/01/07-06/30/08	07/01/07-06/30/08	98,514	123,151	24,631
Ventura County Child Abuse Treatment Services	16.575	8100-101-0890	AT06031173	214,200	10/01/06-09/30/07	07/01/07-09/30/07	78,349	94,411	16,048
Ventura County Child Abuse Treatment Services	16.575	8100-101-0890	AT07041173	200,000	10/01/07-09/30/08	10/01/07-06/30/08	146,791	184,816	37,503
Crime Victim Assistance	16.575			512,722			323,654	402,378	78,182
TOTAL MAJOR PROGRAMS							816,449 \$	895,370 \$	78,182
OTHER FEDERAL PROGRAMS:									
U.S. Department of Health and Human Services									
Passed Through the Governor's Office of Emergency Services									
Domestic Violence Services of Ventura County (FVPSA)									
Domestic Violence Response Team (FVPSA)	93.671	8100-101-0890	DV07221173	64,237	07/01/07-06/30/08	07/01/07-06/30/08	64,237 \$	80,301 \$	16,060
Family Violence Prevention and Services/Grants for Battered Women's Shelters, Grants to States and Indian Tribes	93.671	8100-101-0890	VA07031173	191,729	07/01/07-09/30/08	07/01/07-06/30/08	148,522	186,603	47,933
				255,966			212,759	266,904	63,993
Passed Through the Ventura County Human Services Agency									
Chafee Foster Care Independence Program									
	93.674			42,892	07/01/07-9/15/08	07/01/07-9/15/08	42,892	43,784	-
Runaway and Homeless Youth									
Runaway and Homeless Youth	93.623	1-95294459-A1	09CY5176/01	168,000	09/30/06-09/29/07	07/01/07-09/29/07	42,000	43,574	4,667
Runaway & Homeless Youth	93.623	1-95294459-A1	09CY5176/01	168,000	09/30/07-09/28/08	09/30/07-06/30/08	126,000	130,724	14,000
Basic Center Grant	93.623			336,000			168,000	174,298	18,667
Passed Through the California Health and Welfare Agency, Department of Social Services									
Office of Child Abuse Prevention									
Strategies, Region 2 (CAPTA)									
Child Abuse and Neglect State Grants	93.669		A0202-A1-A2-A3-A4	808,484	07/01/02-06/30/08	07/01/07-06/30/08	198,676	198,755	-

The above schedule was prepared using the accrual basis of accounting.
See accompanying auditors' reports and notes to basic financial statements.

INTERFACE CHILDREN FAMILY SERVICES
(A California Non-Profit Corporation)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008
(FEIN: 95-2944459)

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA #	Pass-Thru Grantor's #	Award Number	Award Amount Total Contract	Award Period	Reporting Period	Federal Revenues Recognized	Expenditures	Agency Match
OTHER FEDERAL PROGRAMS - Continued									
U.S. Department of Housing and Urban Development									
Passed Through City of Camarillo	14.218		2007-33	6,190	07/01/07-06/30/08	07/01/07-06/30/08	6,190	6,190	-
Community Development Block Grant			7728-2006, 7729-2006, 7730-2006, 7731-2006, 2007-33						
Passed Through City of Thousand Oaks									
Community Development Block Grant	14.218			16,430	07/01/07-06/30/08	07/01/07-06/30/08	16,430	16,430	-
Passed Through City of Santa Paula									
Community Development Block Grant	14.218		N/A	14,500	9/28/07-06/30/08	07/01/07-06/30/08	14,500	14,500	-
Passed Through City of Simi Valley									
Community Development Block Grant	14.218		10280	6,800	07/01/06-06/30/08	07/01/07-06/30/08	6,800	6,800	-
Community Development Block Grants/Entitlement Grants	14.218			43,920			43,920	43,920	-
U.S. Department of Justice									
Passed Through the Governor's Office of Emergency Services									
Domestic Violence Services of Ventura County (VAWA)	16.588	8100-101-0890	DV07221173	5,195	07/01/07-06/30/08	07/01/07-06/30/08	5,195	5,195	-
Domestic Violence Response Team (VAWA)	16.588	8100-101-0890	VA07031173	24,300	07/01/07-09/30/08	07/01/07-06/30/08	24,300	24,455	-
Violence Against Women Formula Grants	16.588			29,495			29,495	29,650	-
U.S. Department of Homeland Security									
FEMA - Emergency Food & Shelter Program									
United Way Phase XXIII EFSP Funding	97.024		LRO ID 092800-010	12,000	10/01/06-09/30/07	07/01/07-9/30/07	3,000	3,000	-
United Way Phase XXIV EFSP Funding	97.024		LRO ID 092800-010	12,000	10/01/07-09/30/08	10/01/07-06/30/08	6,000	6,000	-
Emergency Food and Shelter National Board Program	97.024			24,000			9,000	9,000	-
TOTAL OTHER FEDERAL PROGRAMS							\$ 704,742	\$ 766,311	\$ 82,660
TOTAL MAJOR AND OTHER FEDERAL PROGRAMS							\$ 1,521,191	\$ 1,661,681	\$ 160,842
STATE FUNDING:									
Governor's Office of Emergency Services									
Domestic Violence Services of Ventura County (State)		8100-101-0001	DV07221173	32,119	07/01/07-06/30/08	07/01/07-06/30/08	\$ 32,119	\$ 35,332	\$ 3,212
Passed Through the California Health and Welfare Agency, Department of Social Services									
Office of Child Abuse Prevention									
Strategies, Region 2 (State)			A0202-A1-A2-A3-A4	643,620	07/01/02-06/30/08	07/01/07-06/30/08	177,250	177,321	-

The above schedule was prepared using the accrual basis of accounting.
See accompanying auditors' reports and notes to basic financial statements.

INTERFACE CHILDREN FAMILY SERVICES
(A California Non-Profit Corporation)
FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

CURRENT YEAR FINDINGS:

2008 Findings:

There were no 2008 findings.

2008 Questioned Costs:

There were no 2008 questioned costs.

PRIOR YEARS FINDINGS AND QUESTIONED COSTS:

2007 Findings:

There were no 2007 findings.

2007 Questioned Costs:

There were no 2007 questioned costs.

2006 Findings:

There were no 2006 findings.

2006 Questioned Costs:

There were no 2006 questioned costs.

SUPPLEMENTARY INFORMATION

INTERFACE CHILDREN FAMILY SERVICES
(A California Non-Profit Corporation)
OFFICE OF EMERGENCY SERVICES – SAFEHAVEN EXPENDITURES REPORT
FOR THE YEAR ENDED JUNE 30, 2008

	Annual Budget 12 Months	Actual Program Expenditures	Grant Funding Claimed	Agency Match/ Funds
Salaries and related expenses				
Employee wages and benefits	\$ 173,455	\$ 173,528	\$ 173,448	\$ 80
Salaries/Volunteer personnel match	<u>6,648</u>	<u>6,648</u>	<u>-</u>	<u>6,648</u>
	180,103	180,176	173,448	6,728
Operating expenses				
Training	3,000	2,535	2,456	79
Travel	2,344	2,002	2,002	-
Shelter facility (agency match)	36,758	36,758	-	36,758
Phones, utilities, shelter maintenance	11,120	11,679	11,182	497
Supplies and food	4,306	6,286	6,289	(3)
Insurance	1,200	1,200	1,200	-
Equipment lease	2,040	901	1,091	(190)
Vehicle expense	1,880	1,218	1,173	45
Contract services, audit, computer	<u>1,224</u>	<u>1,224</u>	<u>1,224</u>	<u>-</u>
	243,975	243,979	200,065	43,914
Equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 243,975</u>	<u>\$ 243,979</u>	<u>\$ 200,065</u>	<u>\$ 43,914</u>
Total payments received from Office of Emergency Services for the period July 1, 2007 to June 30, 2008			<u>\$ 200,065</u>	

INTERFACE CHILDREN FAMILY SERVICES
(A California Non-Profit Corporation)
OFFICE OF EMERGENCY SERVICES – COMMUNITY COORDINATED ASSESSMENT
& RESPONSE TEAM (ComCART) EXPENDITURES REPORT
FOR THE YEAR ENDED JUNE 30, 2008

	Annual Budget 12 Months	Actual Program Expenditures	Grant Funding Claimed	Agency Match/ Funds
Salaries and related expenses				
Employee wages and benefits	\$ 176,870	\$ 176,854	\$ 176,870	\$ (16)
Salaries/Volunteer personnel match	<u>40,844</u>	<u>40,844</u>	<u>-</u>	<u>40,844</u>
	217,714	217,698	176,870	40,828
Operating expenses				
Training	3,843	4,097	4,078	19
Travel	913	822	913	(91)
Facilities	9,394	12,531	9,394	3,137
Communications	3,450	3,448	3,215	233
Supplies	2,730	3,904	2,730	1,174
Equipment lease	1,650	1,658	1,650	8
Non VOCA funded services	12,706	12,706	-	12,706
Contract services, audit	<u>1,150</u>	<u>1,150</u>	<u>1,150</u>	<u>-</u>
	253,550	258,014	200,000	58,014
Equipment	<u>14,200</u>	<u>14,116</u>	<u>14,200</u>	<u>(84)</u>
	<u>\$ 267,750</u>	<u>\$ 272,130</u>	<u>\$ 214,200</u>	<u>\$ 57,930</u>
Total payments received from Office of Emergency Services for the period July 1, 2007 to June 30, 2008			<u>\$ 214,200</u>	

INTERFACE CHILDREN FAMILY SERVICES
(A California Non-Profit Corporation)
OFFICE OF EMERGENCY SERVICES – COMMUNITY COORDINATED ASSESSMENT
& RESPONSE TEAM (ComCART) EXPENDITURES REPORT
FOR THE YEAR ENDED JUNE 30, 2008

	Annual Budget 12 Months	Actual Program Expenditures	Grant Funding Claimed	Agency Match/ Funds
Salaries and related expenses				
Employee wages and benefits	\$ 176,961	\$ 133,919	\$ 133,400	\$ 519
Salaries/Volunteer personnel match	<u>37,294</u>	<u>27,972</u>	<u>-</u>	<u>27,972</u>
	214,255	161,891	133,400	28,491
Operating expenses				
Training	3,255	100	220	(120)
Travel	2,340	520	463	57
Facilities	8,629	6,539	6,539	-
Communications	3,364	2,938	2,938	-
Supplies	2,662	1,207	1,142	65
Equipment lease	1,609	1,206	1,205	1
Non VOCA funded services	12,706	9,531	-	9,531
Contract services, audit	<u>1,180</u>	<u>884</u>	<u>884</u>	<u>-</u>
	250,000	184,816	146,791	38,025
Equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 250,000</u>	<u>\$ 184,816</u>	<u>\$ 146,791</u>	<u>\$ 38,025</u>
Total payments received from Office of Emergency Services for the period October 1, 2007 to June 30, 2008			<u>\$ 146,791</u>	

INTERFACE CHILDREN FAMILY SERVICES
(A California Non-Profit Corporation)
OFFICE OF EMERGENCY SERVICES – DVTR EXPENDITURES REPORT
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Annual Budget 15 Months</u>	<u>Actual Program Expenditures</u>	<u>Grant Funding Claimed</u>	<u>Agency Match/ Funds</u>
Salaries and related expenses				
Employee wages and benefits	\$ 180,865	\$ 146,007	\$ 145,989	\$ 18
Salaries/Volunteer personnel match	<u>47,933</u>	<u>37,131</u>	<u>-</u>	<u>37,131</u>
	228,798	183,138	145,989	37,149
Operating expenses				
Training	2,000	873	1,698	(825)
Travel	4,750	5,174	3,500	1,674
Communications	4,665	4,509	3,588	921
Facilities	8,089	5,905	6,243	(338)
Hotel vouchers	2,700	2,373	1,800	573
Supplies and food	3,171	1,993	3,030	(1,037)
Insurance	1,550	1,200	1,200	-
Vehicle expense	700	217	441	(224)
Equipment lease	2,483	1,632	1,633	(1)
Computer support	1,756	344	-	344
Equipment purchase	2,400	2,800	2,800	-
Contract services, audit	<u>900</u>	<u>900</u>	<u>900</u>	<u>-</u>
	<u>\$ 263,962</u>	<u>\$ 211,058</u>	<u>\$ 172,822</u>	<u>\$ 38,236</u>
Total payments received from Office of Emergency Services for the period July 1, 2007 to June 30, 2008			<u>\$ 172,822</u>	

INTERFACE CHILDREN FAMILY SERVICES
(A California Non-Profit Corporation)
CASA PROGRAM REVENUE AND EXPENDITURES REPORT
FOR THE YEAR ENDED JUNE 30, 2008

REVENUE

CASA judicial council	\$ 54,683
Community support	23,697
Fundraising events	19,607
Grants	11,063
Cities	<u>4,790</u>
	113,840

EXPENSES

Salaries and wages	66,180
Benefits	14,560
Facility costs	12,097
Supplies and postage	2,088
Communications	742
Support services	385
Equipment rental	1,580
Travel	1,642
Training	400
Other expense	1,801
Administration	<u>15,221</u>
	<u>116,696</u>

NET SURPLUS	\$ <u>(2,856)</u>
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In-kind volunteer services	<u>\$ 140,472</u>
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